

<b>UNITED STATES OF AMERICA :</b>	<b>DATE FILED:</b>	
<b>v. :</b>	<b>CRIMINAL NO:</b>	<b>04-231</b>
<b>STEVEN ALLEN SCHWARTZ :</b>	<b>VIOLATIONS:</b>	<b>18 U.S.C. §1344 (bank fraud - 2 counts) 18 U.S.C. §1343 (wire fraud - 7 counts)</b>

**COUNT ONE**

## INTRODUCTION

1. Defendant STEVEN ALLEN SCHWARTZ maintained a checking account at Citizens Bank, account number 620100-878-4.
2. Defendant STEVEN ALLEN SCHWARTZ maintained a Platinum Visa credit card account at Providian Bank, account number 4465 6921 0048 8661, in his name and in the name of another.
3. Citizens Bank and Providian Bank were financial institutions, the deposits of which were insured by the Federal Deposit Insurance Corporation (FDIC).
4. On June 5, 2003, defendant STEVEN ALLEN SCHWARTZ's checking account at Citizens Bank had a negative balance of \$4,343.74.
5. On June 5, 2003, defendant STEVEN ALLEN SCHWARTZ's Providian Bank Platinum Visa account had a credit line of \$3,676.00 with a balance due of \$3,664.15, leaving an

available credit balance of \$12.85.

### **THE SCHEME**

6. In or about June 2003, in the Eastern District of Pennsylvania and elsewhere, defendant

STEVEN ALLEN SCHWARTZ

knowingly executed and attempted to execute a scheme to defraud Providian Bank, and to obtain money belonging to and under the custody and control of Providian Bank by means of false and fraudulent pretenses, representations and promises.

It was part of the scheme that:

7. Defendant STEVEN ALLEN SCHWARTZ, on or about June 5, 2003, made an online payment of \$3,664.15 to his Providian Bank Visa account from his Citizens Bank checking account, knowing that he had insufficient funds in that checking account to cover that payment.

8. Defendant STEVEN ALLEN SCHWARTZ, through this use of an online payment which he knew would not be honored by his Citizens Bank checking account due to insufficient funds, falsely caused Providian Bank to believe that the full balance due on the Platinum Visa Credit card had been paid, and to provide additional credit on the Platinum Visa Card.

9. Defendant STEVEN ALLEN SCHWARTZ incurred charges of over \$2,700.00 on the Providian Bank Platinum Visa Card before it was discovered that his payment of \$3,664.15 had been made from an account with insufficient funds.

In violation of Title 18 United States Code, Section 1344.

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**COUNT TWO**

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**THE GRAND JURY FURTHER CHARGES THAT:**

At all times material to this indictment,

1. Defendant STEVEN ALLEN SCHWARTZ maintained the checking account at Citizens Bank, account number 620100-878-4.

2. Defendant STEVEN ALLEN SCHWARTZ maintained credit card accounts at Capital One Bank as follows:

<u>Type of Account</u>	<u>Account Number</u>	<u>Name on Account</u>
Platinum Mastercard	5178052297194413	Steven Schwartz
Platinum Visa	4862362313340195	Steven Schwartz
Mastercard	5291072341270599 (changed from 5291071383738158)	Steven Schwartz & I.S.

3. Citizens Bank and Capital One Bank were financial institutions, the deposits of which were insured by the Federal Deposit Insurance Corporation (FDIC).

4. During June and July 2003, defendant STEVEN ALLEN SCHWARTZ's checking account at Citizens Bank had either a negative balance or a positive balance of less than \$50.00.

5. On or about June 5, 2003, defendant STEVEN ALLEN SCHWARTZ had minimal or no available credit on his Capital One Platinum Mastercard, Platinum Visa Card, and Mastercard accounts.

THE SCHEME

6. From in or about June 2003 to in or about July 2003, in the Eastern District of Pennsylvania and elsewhere, defendant

STEVEN ALLEN SCHWARTZ

knowingly executed and attempted to execute a scheme to defraud Capital One Bank, and to obtain money belonging to and under the custody and control of Capital One Bank by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

7. On or about June 5, 2003, defendant STEVEN ALLEN SCHWARTZ made an online payment of \$440.00 from his Citizens Bank checking account to his Capital One Platinum Mastercard, knowing that the checking account had insufficient funds to cover the payment, and knowing that Capital One would make additional credit available based on his online payment.

8. Defendant STEVEN ALLEN SCHWARTZ incurred additional credit card charges of approximately \$350.00 on his Capital One Platinum Mastercard before it was determined that the Citizens Bank checking account had insufficient funds to honor his payment.

9. On or about June 5, 2003, defendant STEVEN ALLEN SCHWARTZ made an online payment of \$4,349.59 from his Citizens Bank checking account to his Capital One Mastercard account, knowing that the checking account had insufficient funds to cover the payment and knowing that Capital One would make additional credit available based on the alleged payment.

10. In or about June 2003, defendant STEVEN ALLEN SCHWARTZ made an online payment of \$380.00 from his Citizens Bank checking account to his Capital One Platinum Visa, knowing that the checking account had insufficient funds to cover the payment and knowing that

Capital One would make additional credit available based on his online payment.

11. In or about June 2003, defendant STEVEN ALLEN SCHWARTZ incurred additional credit card charges of over \$400.00 on his Capital Platinum Visa before it was determined that the Citizens Bank checking account had insufficient funds to honor his payment.

12. On or about July 2, 2003, defendant STEVEN ALLEN SCHWARTZ made an online payment of \$2,250.00 from his Citizens Bank checking account to his Capital One Platinum Mastercard, knowing that the checking account had insufficient funds to cover the payment and knowing that Capital One would make additional credit available based on his online payment.

13. In or about July 2003, defendant STEVEN ALLEN SCHWARTZ incurred additional charges on his Capital One Platinum Mastercard in the amount of \$2,676.49 before it was determined that his Citizens Bank checking account had insufficient funds to honor his payment.

In violation of Title 18, United States Code, Section 1344.

## **COUNTS THREE THROUGH NINE**

### **THE GRAND JURY FURTHER CHARGES THAT:**

#### **INTRODUCTION**

At all times material to this indictment:

1. Defendant STEVEN ALLEN SCHWARTZ maintained a checking account at Citizens Bank, account number 620100-878-4.
2. Defendant STEVEN ALLEN SCHWARTZ resided in Plymouth Meeting, in the Eastern District of Pennsylvania.
3. PrePaid ATM, a corporation incorporated under the laws of the State of Nevada, provided to its customers who opened accounts prepaid automatic teller machine cards, which operated in the same manner as a debit card.
4. PrePaid ATM allowed customers to open accounts over the internet, and to make payments to and from their accounts using the internet.
5. It was a policy of PrePaid ATM that all new customers had to maintain an account in good standing for one month before PrePaid ATM would instantly credit online deposits made by electronic checks drawn on the customer's bank account. PrePaid ATM refers to this feature as "instant ACH."
6. Defendant STEVEN ALLEN SCHWARTZ made online deposits to his PrePaid ATM account from his Citizen's Bank checking account while in the Eastern District of Pennsylvania.
7. On or about August 3, 2003, defendant STEVEN ALLEN SCHWARTZ opened account number A785053938817854 with PrePaid ATM.

### **THE SCHEME**

8. From in or about January 2004 through in or about March 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

STEVEN ALLEN SCHWARTZ

devised and intended to devise a scheme to defraud PrePaid ATM, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

It was part of the scheme that:

9. On or about January 10, 2004, defendant STEVEN ALLEN SCHWARTZ registered his checking account at Citizen's Bank with PrePaid ATM as an account which could be used to transfer funds to and from PrePaid ATM.

10. On or about January 23, 2004, defendant STEVEN ALLEN SCHWARTZ made a deposit of \$500 to his PrePaid ATM account from a Capital One Mastercard, account number 5291072341270599, in the defendant's name and in the name of a person known to the grand jury as I.S.

11. On or about February 23, 2004, PrePaid ATM allowed defendant STEVEN ALLEN SCHWARTZ to begin using the "instant ACH" feature on his account, since he had maintained the account in good standing for a month.

12. Once defendant STEVEN ALLEN SCHWARTZ was allowed to use the "instant ACH" feature on his PrePaid ATM account, he immediately began making online payments from his Citizen's Bank checking account on the dates listed below, and for the amounts listed below, and then drawing on the deposits to make transfers out of his PrePaid ATM account, knowing that he had insufficient funds in his Citizen's Bank checking account to cover the online

payments to his PrePaid ATM account.

13. From between on or about February 23, 2004 through on or about March 16, 2004 defendant STEVEN ALLEN SCHWARTZ maintained at his Citizen's Bank checking account no more than \$25.00 on deposit.

14. On or about the dates listed below, defendant STEVEN ALLEN SCHWARTZ sent online internet payments to PrePaid ATM account number A785053938817854, drawn from his Citizen's Bank checking account, in the amounts listed below, and immediately wire transferred from the PrePaid ATM account the credited funds to an offshore internet gambling site, knowing that there were insufficient funds in the Citizen's Bank checking account to cover the payments, as follows:

Approximate date and time of online payment from Citizen's Bank to PrePaid ATM	Amount of payment to PrePaid ATM	Date payment to PrePaid ATM posted to Citizen's Bank, and Citizen's Bank balance on that date	Date/amount of money transferred out of PrePaid ATM from the online payment
February 23, 2004 6:10 p.m.	\$850.00	February 25, 2004 -\$45.15	February 23, 2004 6:44 p.m. \$815.70
March 4, 2004 9:57 p.m.	\$1,000.00	March 8, 2004 \$24.85	March 4, 2004 10:00 p.m. \$1,000.00
March 5, 2004 10:16 p.m.	\$1,000.00	March 9, 2004 \$24.85	March 5, 2004 10:22 p.m. \$1,000.00
March 7, 2004 6:12 p.m.	\$500.00	March 9, 2004 -\$975.15	March 7, 2004 7:13 p.m. \$600.00
March 11, 2004 10:21 p.m.	\$1,000.00	March 15, 2004 \$24.15	March 11, 2004 10:24 p.m. \$1,000.00
March 12, 2004 10:23 p.m.	\$1,000.00	March 16, 2004 -\$1,005.15	March 12, 2004 10:25 p.m. \$1,000.00



Approximate date and time of online payment from Citizen's Bank to PrePaid ATM	Amount of payment to PrePaid ATM	Date payment to PrePaid ATM posted to Citizen's Bank, and Citizen's Bank balance on that date	Date/amount of money transferred out of PrePaid ATM from the online payment
March 14, 2004 6:59 p.m.	\$500.00	March 16, 2004 -\$2,505.15	March 14, 2004 7:07 p.m. \$495.00

15. On or about the dates listed below, each date constituting a separate count of this indictment, in the Eastern District of Pennsylvania and elsewhere, defendant

STEVEN ALLEN SCHWARTZ,

for the purpose of executing the scheme, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce writings, signs, signals, pictures and sounds, namely online internet payments from Pennsylvania to Nevada made to PrePaid ATM account number A785053938817854, drawn from defendant STEVEN ALLEN SCHWARTZ's Citizen's Bank checking account, in the amounts listed below:

Count	Approximate date and time of online payment from Citizen's Bank to PrePaid ATM	Amount of payment to PrePaid ATM
3	February 23, 2004 6:10 p.m.	\$850.00
4	March 4, 2004 9:57 p.m.	\$1,000.00
5	March 5, 2004 10:16 p.m.	\$1,000.00
6	March 7, 2004 6:12 p.m.	\$1,000.00
7	March 11, 2004 10:21 p.m.	\$1,000.00

Count	Approximate date and time of online payment from Citizen's Bank to PrePaid ATM	Amount of payment to PrePaid ATM
8	March 12, 2004 10:23 p.m.	\$1,000.00
9	March 14, 2004 6:59 p.m.	\$500.00

All in violation of Title 18, United States Code, Section 1343.

**A TRUE BILL:**

**GRAND JURY FOREPERSON**

**PATRICK L. MEEHAN**  
United States Attorney